

CA20N

Z1

-22H215

#231



3 1761 12057420 7

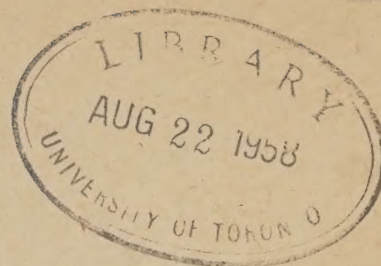
Ontario, Hydro-Electric
Inquiry Commission
1922-1924

231

Commissioner

231

[Miscellaneous documents]



NOVEMBER 14, 1922.

I N T E R V I E W

with

MR. C. D. HENDERSON.

NOVEMBER 14th, 1922.

I n t e r v i e w

with

Mr. C. D. Henderson.

Mr. Henderson: In the first place has Mr. Harris explained to you my position in the electrical industry? One of my lines is electrical washing machines. I represent the Altrosier Bros., of Peoria, Ill. I have charge of their Canadian business. In addition to this, I get out an electrical price list for electrical contractor dealers all over Canada. As a rule they are not very good business men and we capitalize their ignorance, as it were, by furnishing a list of prices that should be charged and we keep them informed as prices change. That gives me a closer connection with the men in the electrical industry than an ordinary salesman has. They talk to me about their profits and their private affairs generally. I am selling them service. We have about five hundred contractor dealers throughout Canada using our service. As propaganda work and educational work I go around to their meetings and give these costs on costs and profits, etc. I tell you this so that you will understand that I get information from the dealer that the ordinary salesman would not obtain. The only angle I know anything about, in connection with Hydro, is the retail merchandising and wiring. As I go around the country, I hear - in cities like London, Hamilton and Galt, where there is active Hydro competition - a lot from the dealers about unfair competition from the Hydro. On the other hand, there are a lot of places where the Hydro stores, staff and managers are working hand-in-hand with the dealers and I think, in many cases, have helped the dealers. In the cities of Brantford, St. Catharines and Kitchener the Hydro makes no attempt to sell appliances. They join the local association and try to induce them to improve the class of work. The result is that they get 100% cooperation from all the trade. In London I have heard more complaints, as far as Hydro competition is concerned than any place else in the Province. I would not say, from my knowledge, that there are very many Hydro stores that cut prices. In my own line I have no complaint to make as to cutting prices on washing machines. I am not speaking of the Commission, I am talking of the individual Hydro stores.

J. A. Ross: Do they list your machine?

Mr. Henderson: Yes, but we must sell each store individually; we do not sell the H.E.P.C. One disadvantage, as it affects our washing machine, is that the policy of the Hydro is not to confine themselves to any one make of

machine. You gentlemen know that a business man can make a greater success if he concentrates on one line but we cannot get the Hydro to do this. They put them all in and, as people come in, they show them all and let the purchasers use their own judgment. That is fair but is not good business for us. I am speaking now from a selfish standpoint.

J. A. Ross: Do you give the Hydro better prices ?

Mr. Henderson: No, we have one standard price. I have been speaking of Western Ontario. I will now take Eastern Ontario. Our jobber had not been having very good success, so I made a trip down to find out what the trouble was. I found a pretty good Hydro store, with lines on the floor and a poor representation by private dealers. We talked to the Hydro man and he said "Yes, we like your line but we must buy through Toronto." We came back to Toronto and asked the Hydro here about it and they said "Well, if there is a demand for your line we will buy your machines, but we want jobbers' prices." We can only have one jobber in Toronto and we already have one, so we cannot give them jobbers' prices.

J. A. Ross: You should have more than one jobber. You should not tie yourself up to one jobber. I am firmly convinced about that.

Mr. Henderson: Where would Ford be if he allowed everyone to sell Ford cars. We confine our efforts to one jobber in a town. If we sold to the H.E.P.C. that would immediately allow any Hydro store in the province of Ontario to send in and buy our machines at jobbers' prices and we have jobbers and dealers in some of those towns. In Kitchener and Brantford I have dealers who sell more machines than any other dealers I have. They have exclusive agencies. If I allowed the Hydro to sell there, their exclusive agency would not be worth anything. There are very few places in Eastern Ontario where they have not stores with managers in charge.

R. A. Ross: The Ontario H.E.P.C. buys for the municipalities such washing machines as they require ?

Mr. Henderson: But only supplies to Eastern Ontario. In Western Ontario it is different. In Toronto they are absolutely separate as far as washing machines are concerned.

Chairman: Every Commission has the same power, if they choose to exercise it.

Mr. Henderson: We cannot sell the local man because he buys from Toronto and we cannot sell the Hydro because they want jobbers' prices.

...for gentlemen know that a business man
can make a greater success if he concentrates on one
line but we cannot get the type to do this. They
get their all in one, as people come in, they show
all and let the purchasers and their own judgment.
That is why but in our business for us. I am
speaking now from a selfish standpoint.

Do you give the type better prices?

Mr. A. Rosen:

Mr. Henderson: No, we have our standard prices. I have been speaking
of Western Ontario. I will not make Western Ontario
our jobber and not have having very good success, as
I made a trip down to find out what the trouble was.
I found a pretty good type store, with lines on the
floor and a poor representation by private dealers.
We talked to the type man and he said, "Yes, we like
your line but we want you through Toronto." We came
back to Toronto and asked the type store about it and
they said "Well, it looks like a demand for your line
we will buy your machines, but we want jobber's prices
we can only have one jobber in Toronto and we already
one, so we cannot give them jobber's prices."

Mr. A. Rosen: You should have more than one jobber.
You should not let yourself be one jobber. I am likely con-
sidered a poor type.

Mr. Henderson: There would have to be a lot of effort to sell
your type. To continue our efforts to one jobber
in a town. If we sold to the R.M.P.C. that would
immediately allow any type store in the province of
Ontario to send in and buy our machines as jobbers'
prices and we have jobbers and dealers in some of those
towns. In Kingston and Hamilton I have dealers who
sell more machines than any other dealer I have. In
have exclusive agencies. It is allowed the type to
sell them. Their exclusive agency would not be worth
anything. There are very few places in Ontario
Ontario where they have not a store with a machine in
charge.

Mr. A. Rosen:

The Ontario R.M.P.C. says for the municipalities
some working machines as they require?

Mr. Henderson: But only applied to some Ontario. In Ontario
Ontario is different. In Ontario they are
exclusively separate as far as working machines are
concerned.

Chairman:

Every municipality has the same power. It they choose
to exercise it.

Mr. Henderson: We cannot sell the local men because he buys from
Toronto and we cannot sell the type because they
want jobber's prices.

Chairman: There is no ruling to that effect, surely ?

Mr. Henderson: I am selling washing machines and I am not in a position to tell the local Hydro man that he is camouflaging. Have you heard this same complaint before ? I understand that the merchandising of electrical material, east of Toronto, is entirely in the hands of the H.E.P.C.

Chairman:

Chairman: I do not think it is at all.

Mr. Henderson: That is what I have been told.

J. A. Ross: Who told you that ?

Mr. Henderson: I have been told by my competitors; by dealers in different towns and by Mr. Madden, who was formerly merchandising manager for the Hydro in Toronto. Any Hydro store has the opportunity to buy from Hydro if they like. Four or five years ago Mr. Madden conceived the idea of going into the jobbing business. He would buy in all this material and get special prices and then re-sell to the local Hydro stores. They would get all these appliances and stamp them with the Hydro stamp but there was too much opposition to this so they quit it but they still buy lamps and stamp them and sell them to the other stores.

--- I think it would be reasonable for them to buy lamps but it looks to me as if that lay with the local Hydro rather than the Commission.

Chairman: The Northern sell to the local Hydro all through the Province.

Mr. Henderson: I have no complaint to make purely from a selfish standpoint but I will say that I will never put five cents into an electrical business in the Province of Ontario against the Hydro competition.

Chairman: They are flourishing. The independent concerns -- manufacturers and jobbers. I am not speaking of the private dealers, although I think they are too.

Mr. Henderson: I can give you some information if you would like to know the credit rating of some of these men.

Chairman: We know it is low, because they are men of little capital, as a rule.

Mr. Henderson: In the United States they do well.

R. A. Ross: The average electrical dealer has been a wireman first and, when he loses his job, he gets a pair of pliers and some wire and starts in business. He depends on his wiring to sell his goods. When he makes a failure he goes back to wiring for someone else. I have sympathy for them and I would like to see them put on a decent basis.

Chairman:

There is no ruling as to that effect, surely?

Mr. Henderson:

I am selling washing machines and I am not in a position to tell the local Hydro man that he is something. I understand that the manufacturing of electrical material, east of Toronto, is entirely in the hands of the H.E.C.

Chairman:

I do not think it is at all.

Mr. Henderson:

That is what I have been told.

G. A. Ross:

Who told you that?

Mr. Henderson:

I have been told by my competitors, by dealers in different towns and by Mr. Hudson, who was formerly manufacturing manager for the Hydro in Toronto, and Hydro also has the opportunity to buy from Hydro if like. Four or five years ago Mr. Hudson converted his idea of going into the lighting business. He would buy in all this material and get special prices and then resell as the local Hydro stores. They would get all these appliances and store them with the Hydro but there was too much opposition to this so they, who he had still big large and strong them and sell them to the other stores.

Chairman:

The Hydro man will go the local Hydro all through the Province.

Mr. Henderson:

I have no complaint to make purely from a selling point but I will say that I will never put five cents into an electrical business in the Province of Ontario against the Hydro competition.

Chairman:

They are flourishing. The independent concerns -- manufacturers and jobbers. I am not speaking of the private dealers, although I think they are too.

Mr. Henderson:

I can give you some information if you would like to know the credit rating of some of these men.

Chairman:

We know it is low, because they are men of little capital, as a rule.

Mr. Henderson:

In the United States they do well.

G. A. Ross:

The average electrical dealer has been a wise man. First and, when he loses his job, he gets a pair of glasses and some wire and starts in business. He depends on his wiring to sell his goods. When he makes a failure he goes back to wiring for someone else.

Mr. Henderson: That is what we are trying to do and our service has been the means of improving the condition of the electrical contractor dealers. The question that interests you, I suppose, is would the contractor dealer be better off were it not for the Hydro. I believe the electrical business is growing so fast there would have been bigger business anyhow.

Chairman: These local jobbers tell us that the work of the Hydro brings them a great deal of business. They go so far as to say that they will share the cost of the advertising of appliances, expecting to benefit from it themselves.

Mr. Henderson: In the City of London we have never been able to do anything with the Hydro. They tell us to come in and spend our money in the newspapers and that we may put our merchandise on the floor of their store and, when we create a demand, they will fill the orders.

J. A. Ross: That is fair, isn't it ?

Mr. Henderson: Certainly not, we might as well open up retail stores if we have to do everything. What we have done in Kitchener is to go to a private dealer and say "You push our line and we will put on a campaign and we will go fifty-fifty and it was a success but in London, the Hydro want us to spend all the money.

R. A. Ross: The Hydro Commission and the local Hydro are primarily interested in selling power. They cannot push a ~~campaign~~ campaign for any particular lines. The other fellows are your agents and push your merchandise alone. It is a question of policy and, knowing they are not pushing any particular machine, the purchaser has a free hand to make a choice.

Mr. Henderson: We are willing to take our chance along with the rest but we feel that we should be able to go into every town and talk to every local Hydro man independently of the H.E.P.C. Mr. Harris asked me if the local Hydro man did wiring. In many cases they do. The price we set in our book is about \$50 or \$55. That allows a dealer a net profit of about 10%, after allowing for overhead of about 25% material and labor. Everything is based on the selling price. I went to London because I heard it said that the Hydro were installing ranges for \$35. I said to Mr. Buchanan, the manager, "If our price is wrong, I should like to find out where it is wrong." We went into it pretty carefully and he admitted that my price was right, if you wanted to make a profit and he also admitted that he was putting them in at cost.

J. A. Ross: That is less than cost.

Mr. Henderson: Yes, it is. \$55.00 less 25% and 10% is cost (plus 54%?) It is below cost if you consider overhead expenses. I said to him "Why do you do this?". He said "The

Mr. Henderson: That is what we are trying to do and our services have been the means of improving the condition of the electric at commercial dealers. The question that interests you, I suppose, is would the contractor be able to get it done at cost for the Hydro. I believe the electric business is growing so fast there would have been high business value.

Chairman: These local jobs tell us that the work of the Hydro brings them a great deal of business. They go so far as to say that they will share the cost of the advertising of appliances, exposing to benefit from it themselves.

Mr. Henderson: In the City of London we have never been able to do anything with the Hydro. They tell us to come in and spend our money in the newspapers and that we may get our merchandise on the floor of their stores and, when we create a demand, they will fill the orders.

J. A. Ross: That is fair, isn't it?

Mr. Henderson: Certainly not, we might as well open up retail stores if we have to do everything. What we have done in Michigan is to get a private dealer and say "You push our line and we will put on a campaign and we will go fifty-fifty and it was a success and in London, the Hydro want us to spend all the money.

J. A. Ross: The Hydro Commission and the local Hydro are primarily interested in selling power. They cannot push a campaign for any particular line. The other dealers are your agents and push your merchandise along. It is a question of policy and, knowing they are not pushing any particular machine, the Hydro has a free hand to make a choice.

Mr. Henderson: We are willing to take our chances along with the rest but we feel that we should be able to go into every town and talk to every local Hydro man independently of the Hydro. Mr. Weston asked me if the local Hydro man did nothing. In many cases they do. The price we set is not \$50 or \$55. That allows a dealer a net profit of about 15%, after allowing for overhead of about 25% material and labor. Everything is based on the selling price. I went to London because I heard it said that the Hydro were installing ranges for \$55. I said to Mr. Buchanan, the manager, "If our price is wrong, I should like to find out where it is wrong." We went into it pretty carefully and he admitted that my price was right. If you wanted to make a profit and he also admitted that he was getting them in at cost.

J. A. Ross: That is less than cost.

Mr. Henderson: Yes, it is. \$55.00 less 25% and 15% is cost (plus 50% profit).

policy of the Hydro is to increase the sale of power. One of the biggest power users is electric ranges and we must get them in use." I said "I would hate to have \$25,000 or \$30,000 tied up in an electrical contracting business next door to you."

R. A. Ross: Their policy is to the advantage of the users but not to the advantage of the dealers.

Mr. Harris: They will make a profit on the range but not on the wiring. If you buy an electric range, through the Hydro, you can get your wiring put in for cost but it has gone so far now that the dealer has had to meet it. If I am making automobiles, I cannot depend on my parts for my revenue, I must make a profit on the automobiles.

Chairman: What proportion of the ranges in London are put in by the Hydro?

Mr. Henderson: I should say 90%.

Chairman: In those cases they do all the wiring themselves?

Mr. Henderson: Yes.

Chairman: Do the electrical men who put in the other 10% charge the same price as the Hydro?

Mr. Henderson: They have to now.

Chairman: Do you not think \$35 gives them a fair price?

Mr. Henderson: We have just said that it is cost or less. You cannot do business on cost.

--- I paid \$35. the other day.

Mr. Henderson: You saved some money. Some poor contractor dealer did not make any money on that.

J. A. Ross: The fact is, in London, the independent dealers sell about 10%?

Mr. Henderson: Yes. I was talking the other day to a Brantford dealer and he said "We are doing a big business in ranges but there is no money in it. We have no competition from the local Hydro but we are forced to put them in for the same price they are doing it in other towns. We have four or five men installing ranges on which we are not making a nickel." That is the reason the electrical contractor is so poorly rated. His net profit is about 20% on a range; he gets that from Westinghouse, McGlary, Moffatt or whoever it may be and then he installs it at a loss on the deal, after considering his overhead of about 5%. The Hydro are not to blame for this altogether. In London, where

policy of the Hydro is to increase the sale of power. One of the biggest power users is electric ranges and we want to sell them. I said "I would like to have \$25,000 or \$30,000 tied up in an electrical company."

their policy is to the advantage of the users but not the advantage of the dealers.

They will make a profit on the range but not on the wiring. It just has an electric range, through the Hydro, you can get your wiring put in for less but it has gone so far now that the dealer has had to meet it. If I am making automobiles, I cannot depend on my range for my revenue, I must make a profit on the automobile.

What proportion of the ranges in London are put in by the Hydro?

Mr. Henderson: I should say 90%.

Chairman: In those cases they do all the wiring themselves?

Mr. Henderson: Yes.

Chairman: So the electrical men who put in the other 10% charge the same price as the Hydro?

Mr. Henderson: They have to now.

Chairman: Do you not think \$25 given them a fair price?

Mr. Henderson: To have just said that it is cost of labor. You cannot do business on cost.

I paid \$25, the other day.

Mr. Henderson: You saved some money. Some poor contractor dealer did not make any money on that.

Mr. A. Rosen: The fact is, in London, the independent dealers sell about 10%.

Mr. Henderson: Yes. I was talking the other day to a Bradford dealer and he said "We are doing a big business in ranges but there is no money in it. We have no competition from the local Hydro but we are forced to put them in for the same price they are doing in other towns. We have four or five men installing ranges in which we are not making a nickel." That is the reason the electrical contractor is so poorly paid. His profit is about 10% on a range; he gets that from Westinghouse, Radiant, Moffatt or whoever it may be and then he installs it at a loss on the deal, after

the most serious complaint is made, I asked one dealer why he put in ranges for \$35 and he said "If I did not someone else would." I asked "Why do you not pass it up, if you make no money?" and he replied that he "must keep his name up."

Chairman: In Toronto, you say the Hydro does not enter into competition.

Mr. Henderson: Not in wiring.

Chairman: Does it in Hamilton?

Mr. Henderson: Yes and they are just opening up a nice new building.

Mr. Harris: If they sell ranges they must do the wiring.

Chairman: They sell ranges in Toronto and they do not do the wiring.

Mr. Henderson: They probably have some of these carpet bag electricians working for them.

J. A. Ross: I know of one case where they did it in Toronto.

Chairman: Is not the cost the same in Toronto? Do the local men make a bigger profit here than in London or Brantford? Is not the bottom of it the keen competition that is going on to sell stoves?

--- Manufacturers of stoves do not do wiring. They sell the stoves to the dealers and the Hydro and it is up to them.

Chairman: There is pretty keen competition between the competing dealers, is not that the reason the cost has been brought down?

Mr. Henderson: That is largely the case but, on the other hand it was the Hydro who started putting in electric ranges and got the cost down. If I put a range in in _____ at a higher price than they charge in Toronto, I must come down to meet that price. Mr. Buchanan told me, in London, "It is alright for you to talk for the contractor dealers but I called in half a dozen dealers and laid down fifteen ranges and got them to bid on them and, do you know, they put in a closer bid than \$35, so you see the contractor dealer is partly to blame himself."

J.A. Ross: You are trying to educate him to it and you cannot do it on account of the Hydro?

Mr. Henderson: Yes and I found that the Hydro men throughout the country - the individual local managers and the other men - were very fair. I think that, as a whole, they do not want to do anything that is not right for the electrical industry but it is a condition in which they have a natural advantage over the dealer. In Stratford

the most serious complaint in made, I asked one dealer why he put in ranges for \$50 and he said "if I did not someone else would." I asked "Why do you put in \$50, if you make no money?" and he replied "that he must keep his name up."

in Toronto, you say the Hydre does not enter into competition.

Chairman:

Mr. Henderson: Not in writing.

Chairman: Does it in Hamilton?

Mr. Henderson: Yes and they are just opening up a nice new building.

Mr. Harris: If they sell ranges they must do the writing.

Chairman: They sell ranges in Toronto and they do not do the writing.

Mr. Henderson: They probably have some of these ranges but also electrical working for them.

J. A. Ross: I know of one case where they did it in Toronto.

Chairman:

Is not the most the same in Toronto? Is the local men make a higher profit here than in London or Birmingham? Is not the bottom of it the keen competition that is going on to sell a device?

Chairman: They sell the device to the dealer and the Hydre and it is up to them.

Chairman:

There is pretty keen competition between the competing dealers, is not that the reason the cost has been brought down?

Mr. Henderson: That is largely the case but, on the other hand it was the Hydre who started putting in electric ranges and got the cost down. If I put a range in in at a higher price than they charge in Toronto, I would come down to meet that price. Mr. Henderson told me, London, it is alright for you to tell for the contractor dealer but I called in half a dozen dealers and told them fifteen ranges and got them to bid on them and, as you know, they put in a fifteen bid than \$50, so you see the contractor dealer is partly to blame himself.

J. A. Ross:

You are trying to educate him to it and you cannot do it on account of the Hydre?

Mr. Henderson: Yes and I found that the Hydre men throughout the country - the individual local managers and the other men - were very fair. I think that, as a whole, they not want to do anything that is not right for the

our local dealer was putting on a campaign and the Hydro was opening up in a few months. A lady came into our dealer's store and after examining our machine, said she liked it but she had been informed by the local Hydro man that, if she would wait until they opened up, she would get the range for \$15. less.

J. A. Ross: How did you answer that ?

Mr. Henderson: I had a letter in my pocket from the manager of the Hydro, asking me to call when in Stratford as he wanted to buy A.B.C. machines. I showed it to her and told her that I did not know that he would get them as I am in full charge in Canada as she bought the washer from us.

Chairman: I think you will find that some of these local wiremen did charge extortionate prices.

Mr. Henderson: No one can tell me that. When the Hydro was opening in Brantford I was in the electrical contracting business. The Commissioner called us together and told us we were charging too much and said he was going to open up a store. It was a threat. The figuring of jobs is a hobby of mine, so I said "I will show you some figures that will prove to you that we are not making too much profit." I got a lot of valuable figures together and showed them to him and they said we should boost our prices instead of cutting them.

H. A. Ross: I do not know of any business that is in a more difficult position than the electrical contracting business. It is subject to the competition of every wireman that gets out of a job. I am heart sick of the business. No one but the C.C.E. and the Northern is making any money.

J. A. Ross: Speaking broadly, is not the retailer or the jobber very much ahead with Hydro to what he would be without Hydro in Ontario ? I have in mind the development of power.

Mr. Henderson: As far as the development of electricity is concerned and the number of appliances in use, I would say "Yes". I know of no country in the world where it has advanced as much as in the province of Ontario.

J. A. Ross: Are there not too many in the business ?

Mr. Henderson: There will not be if the Hydro keeps on branching out.

J. A. Ross: But are they not better off?

Mr. Henderson: The jobber - yes, because he has enlarged his field, without cutting his price but the retailer has enlarged

our local dealer was putting on a campaign and the Hydro was opening up in a few months. A lady came into our dealer's store and after examining our machine, said she liked it but she had been informed by the local Hydro man that, if she would wait until they opened up, she would get the range for \$15. local

J. A. Kease: How did you answer that?

Mr. Henderson: I had a letter in my pocket from the manager of the Hydro, asking me to call when in Stouffville as he wanted to buy a D.C. machine. I showed it to her and told her that I did not know that he would get them as I am in full charge in Canada as the agent for the Hydro from me.

Chairman: I think you will find that some of these local women did change their minds.

Mr. Henderson: No one can tell me that. When the Hydro was opening in Stouffville I was in the electrical contracting business. The Commission called me together and told me we were charging too much and said he was going to open up a store. It was a threat. The lighting of jobs in a hobby of mine, so I said "I will show you some figures that will prove to you that we are not making too much profit." I got a lot of valuable figures together and showed them to him and they said we should have our prices instead of cutting them.

J. A. Kease: I do not know of any business that is in a more difficult position than the electrical contracting business. It is subject to the competition of every woman that goes out at a job. I am hardy stick of the business. He one but the D.C. and the Northern is making any money.

J. A. Kease: Speaking broadly, is not the retailer on the jobber very much ahead with Hydro so that he would be without Hydro in Ontario? I have in mind the development of power.

Mr. Henderson: As far as the development of electricity is concerned and the number of appliances in use, I would say "Yes." I know of no country in the world where it has advanced as much as in the province of Ontario.

J. A. Kease: Are there not too many in the business?

Mr. Henderson: There will not be if the Hydro keeps on branching out.

J. A. Kease: But are they not better off?

Mr. Henderson: The jobber - yes, because he has enlarged his field, without cutting his price but the retailer has enlarged

his field and cut his price. He is doing more business at no margin.

J. A. Ross: Is not that condition because there are too many dealers in the business ?

Mr. Henderson: I do not think so.

--- It looks to me as though the retail business is overrun.

Mr. Henderson: There are only twelve hundred (1200) retailers in Canada.

--- How many in Ontario ?

Mr. Henderson: 650 or 700.

Mr. Harris: More than half !

Mr. Henderson: Only half of them are rated between \$2,500 and \$50,000. Do you know of any other industry as bad as that financially.

J. A. Ross: The Greek confectionery trade is worse than that and they live but they are a different class of people from your electricians.

Mr. Henderson: I do not know of a man in the Dominion of Canada who has made money in the electrical contracting business and I know them all from coast to coast.

--- How about George Beatty ?

Mr. Henderson: Has he made any money ? I know him pretty well and I do not think he has made any money and look at his little hole-in-the-wall for the city of Toronto ! There is not a decent electrical store in Toronto, except the Hydro.

Chairman: Is not McDonald & Willson's a good store ?

Mr. Henderson: They are manufacturers and jobbers as well as retailers and the white elephant is the retail end.

--- I wonder what percentage the Hydro sells in Toronto of appliances.

Mr. Henderson: I think my same percentage as I used in London holds good.

Chairman: I do not think so.

Mr. Henderson: It would be a hard thing to get at.

Chairman: If they did all that you would find the people lined up outside the store. They could not be served quickly enough.

his field and not his price. He is doing more business at no margin.

Mr. Henderson: Is not that condition because there are too many dealers in the business?

Mr. Henderson: I do not think so.

It looks to me as though the retail business is overdone.

Mr. Henderson: There are only twelve hundred (1200) retailers in Canada.

How many in Ontario?

Mr. Henderson: 250 or 300.

Mr. Harris: More than half?

Mr. Henderson: Only half of them are rated between \$1,000 and \$50,000. Do you know of any other industry as bad as that financially?

Mr. Harris: The Green contemporary trade is worse than that and they live but they are a different class of people from your electricians.

Mr. Henderson: I do not know of a man in the Dominion of Canada who has made money in the electrical contracting business and I know them all from coast to coast.

How about George Benson?

Mr. Henderson: Has he made any money? I know him pretty well and I do not think he has made any money and look at his little hole-in-the-wall for the city of Toronto. There is not a decent electrical store in Toronto, except the Hyatt.

Chairman: Is not McDonald & Wilson's a good store?

Mr. Henderson: They are manufacturers and jobbers as well as retailers and the whole thing is the retail end.

Mr. Henderson: I wonder what percentage the Hyatt sells in Toronto of appliances.

Mr. Henderson: I think my own percentage as I used to handle holds 50

Chairman: I do not think so.

Mr. Henderson: It would be a hard thing to get at.

Chairman: If they did all that you would find the people lined up outside the store. They could not be served.

J. A. Ross: I think Eaton's sell more than the Hydro.

Mr. Henderson: Eaton's sell more fixtures because the Hydro do not sell fixtures but they do not sell more appliances.

J.A. Ross: Eaton's is a large customer of Westinghouse and Moffatt on stoves, so the salesman of the Westinghouse Company tells me.

Mr. Henderson: The Westinghouse people do not do much range business. McLary and Moffatt do most of it. We, in the electrical business, go to the conventions and talk and some men will say they get their business from the Hydro. I would like to get in there myself but they say I do not because I am selling American goods. They told me that in London one day. They said they could not sell American goods. I replied "I am as good a Canadian as you and I drive a McLaughlin car, whereas you drive a car made in Detroit." Speaking generally, I have no complaint to make of the Hydro. I deal with them and they are a fine bunch of fellows and the average Hydro manager, with one or two exceptions, is willing to help the electrical business and boost the electrical dealer but they haven't this disadvantage, they are publicly owned and, if I want to buy a range, the ads come out "Make a change to a Hydro range" not a McLary or a Moffatt but a Hydro.

Chairman: Do they buy exclusively from Moffatt?

Mr. Henderson: No they sell almost anything.

Mr. Harris: I heard that they bought ten thousand Moffatt ranges last year.

Mr. Henderson: I was talking to the manager of the Windsor Hydro and I asked him how was his range business. He said he had sold 425 ranges this year already. I do not think the electric dealers in Windsor have sold 425 ranges among them. If you put up a wonderful building and sell ranges and give two years service and allow them to pay \$5.00 per month, when they pay their electric light bill, it is easy to sell ranges. I am willing to pay a profit on anything I buy, why should I not pay a profit on installing my range.

Mr. Harris: Do the local Hydro stores pay taxes?

Mr. Henderson: I do not know but the general opinion among electrical men is that they do not pay taxes. There was a dealer here from Stratford last night. I asked him if he had any complaint to make about the Hydro and he started in, of course, as a lot of them do and I said "There is a Commission sitting here in Toronto now. Why do you not go and put your proposition before them?" He asked me questions about how to get here and the procedure, etc. We put on an A.B.C. campaign there and the second day after our ad was out, the

J. A. Ross: I think Eaton's sells more than the Hydre.

Mr. Henderson: Eaton's sell more Hydres because the Hydre do not sell themselves but they do not sell more appliances.

J. A. Ross: Eaton's is a large customer of Westinghouse and Kellogg on account, as the salesman of the Westinghouse Company tells me.

Mr. Henderson: The Westinghouse people do not do much range business. Kellogg and Kellogg do most of it. We, in the electric business, go to the conventions and talk and some men say they get their business from the Hydre. I would like to get in there myself but they say I do not belong. I am selling American goods. They told me that in one day. They said they could not sell American goods. I replied "I am as good a Canadian as you and I drive a Mohawk car, whereas you drive a car made in Detroit." Speaking generally, I have no complaint to make of the Hydre. I deal with them and they are a fine bunch of fellows and the average Hydre manager, with one or two exceptions, is willing to help the electrical business and boost the electrical dealer but they however this disadvantage, they are publicly owned and, if I want to buy a range, the man come out "Make a change to a Hydre range" not a Kellogg or a Kellogg but a Hydre.

Chairman: Do they buy exclusively from Kellogg?

Mr. Henderson: No they sell almost anything.

Mr. Harris: I heard that they bought ten thousand Kellogg ranges last year.

Mr. Henderson: I was talking to the manager of the Windsor Hydre and I asked him how was his range business. He said he had sold 425 ranges this year already. I do not think the electric dealers in Windsor have sold 425 ranges among them. If you put up a wonderful building and sell ranges and give two years service and allow them to pay \$5.00 per month, when they pay their electric light bill, it is easy to sell ranges. I am willing to pay a profit on anything I buy, why should I not pay a profit on installing my ranges.

Mr. Harris: Do the local Hydre stores pay taxes?

Mr. Henderson: I do not know but the general opinion among electricians here is that they do not pay taxes. There was a dealer here from Buffalo last night. I asked him if he had any complaint to make about the Hydre and he stated that of course, as a lot of them do and I said "There is a commission sitting here in Toronto now. Why do you not go and put your proposition before them?" He asked me questions about how to get there.

Hydro put on a competing campaign and cut our prices and terms to \$4.50 and \$2.00. The price of our range is \$135. They have this advantage over the local dealer; the financing is a big proposition and the average dealer has not the capital while the Hydro has unlimited resources. In London they sold washing machines and extended the terms over two years.

Chairman: Their system of making collections is very much easier than for the average dealer and, in some cases, where a man does not pay his instalments, they can shut his power off.

Mr. Bower: Have the Hydro ever tried to cooperate with the dealers in an advertising campaign?

Mr. Henderson: Yes, they have. They have an advantage by reason of their position as a public utility with plenty of capital.

Chairman: And any profit they make goes to the municipality and helps them to keep rates down.

Mr. Henderson: Mr. P. W. Ellis gave a talk on public ownership. It was very interesting. He said Hydro had helped the people of Ontario by putting these appliances in the home. I would have liked to ask Mr. Ellis why it would not be good business for the Government to go into the jewellery business on the same basis. If I were in the electrical business I would have a complaint.

J. A. Ross: Do you sell the Hydro at Stratford?

Mr. Henderson: No, I do not, because before the Hydro came in I had a dealer there and gave him the exclusive agency.

J. A. Ross: How could they advertise your machine?

Mr. Henderson: They did not. It was another machine but I think they put on that campaign to buck my dealer and it did seem unfair for them to come out and put on a campaign at just enough less to make my dealer look cheap. I believe that there are many contractor dealers throughout the country who have grievances and I think, if you want to get to the bottom of this thing, it would be to your advantage to hear some of them.

J. A. Ross: Are they all in Toronto today?

Mr. Henderson: Quite a few of them feel, if they talk to you, it will get back to the Hydro and they will put the screws on them.

Chairman: It will have to be public.

Hydro put on a competing campaign and cut our prices and terms to \$4.50 and \$2.00. The price of our range is \$135. They have this advantage over the local dealer; the financing is a big proposition and the average dealer has not the capital while the Hydro has unlimited resources. In London they sold washing machines and extended the terms over two years.

Their system of making collections is very much easier than for the average dealer and, in some cases, where a man does not pay his instalments, they can shut his power off.

Have the Hydro ever tried to cooperate with the dealers in an advertising campaign?

Mr. Henderson: Yes, they have. They have an advantage by reason of their position as a public utility with plenty of capital.

Chairman: And any profit they make goes to the municipality and helps them to keep rates down.

Mr. Henderson: Mr. E. W. Mills gave a talk on public ownership. It was very interesting. He said Hydro had helped the people of Ontario by putting these appliances in the home. I would have liked to ask Mr. Mills why it would not be good business for the Government to go into the jewelry business on the same basis. If I were in the electrical business I would have a complaint.

J. A. Ross: Do you sell the Hydro at Stratford?

Mr. Henderson: No, I do not, because before the Hydro came in I had a dealer there and gave him the exclusive agency.

J. A. Ross: How could they advertise your machine?

Mr. Henderson: They did not. It was another machine but I think they put on that campaign to break my dealer and it did seem unfair for him to come out and put on a campaign at that energy loss to make my dealer look cheap. I believe that there are many contractors dealers throughout the country who have grievances and I think, if you want to get to the bottom of this thing, it would be to your advantage to hear some of them.

J. A. Ross: Are they all in Toronto today?

Mr. Henderson: Quite a few of them feel, if they talk to you, it will get back to the Hydro and they will put the screws on them.

Chairman: It will have to be public.

Mr. Harris: They should be glad. This is their opportunity.

Chairman: If you know any of them, we could have a special hearing to hear these men.

Mr. Henderson: The Hydro men, in many cases, are members of this association.

R. A. Ross: I do not believe they would do much kicking about having a public hearing, on that.

Mr. Henderson: These men are afraid to start a movement in opposition to the Hydro.

J. A. Ross: I do not think they should be more afraid than the small municipalities.

Mr. Henderson: In London, for instance, there are only about six contractor dealers that have stores and against them there are about 58,000 people boosting for Hydro.

J. A. Ross: Are all the retail contractors in your association? Do you represent the big majority?

Mr. Henderson: Yes.

J. A. Ross: Well, if you come as a body, they could not pick out a man here and there. You represent the mass of opinion of the entire trade.

Mr. Henderson: I am not an officer of this association. I am just selling to these men.

R. A. Ross: Who is the President?

Mr. Henderson: Harry B. Hicks, here in Toronto. The name of the association is the Ontario Association of Electrical Contractor Dealers. There are some towns where the contractor dealers are working with the local Hydro and have no complaint to make.

Chairman: It is not necessarily a matter of complaint. I think you would find the Hydro, as a whole, willing to cooperate.

J. A. Ross: I think if you put this matter up to the association today, they would vote it down as a body.

Mr. Henderson: 70% of the men there are jobbers and manufacturers' salesmen. The other fellows cannot afford to spend the money to come down here. I know this because I have a lot of drafts returned N.S.F. I do not want to convey the impression that the Hydro is altogether to blame for their bad financial condition. I think the solution of this thing of putting the electrical business on its feet is to follow the procedure that they have followed in the States in the film and baseball business. Get one good man;

Mr. Harris:

They should be glad. This is their opportunity.

Chairman:

If you know any of them, we could have a special hearing to hear these men.

Mr. Henderson:

The Hydro men, in many cases, are members of this association.

A. A. Ross:

I do not believe they would do much kicking about having a public hearing, or that.

Mr. Henderson:

These men are afraid to start a movement in opposition to the Hydro.

J. A. Ross:

I do not think they should be more afraid than the small municipalities.

Mr. Henderson:

In London, for instance, there are only about six contractor dealers that have stores and against them there are about 55,000 people voting for Hydro.

J. A. Ross:

Are all the retail contractors in your association? Do you represent the big majority?

Mr. Henderson:

Yes.

J. A. Ross:

Well, if you come as a body, they could not pick out a man here and there. You represent the mass of opinion of the entire trade.

Mr. Henderson:

I am not an officer of this association. I am just selling to these men.

A. A. Ross:

Who is the President?

Mr. Henderson:

Harry S. Hicks, here in Toronto. The name of the association is the Ontario Association of Electrical Contractor Dealers. There are some towns where the contractor dealers are working with the local Hydro and have no complaint to make.

Chairman:

It is not necessarily a matter of complaint. I think you would find the Hydro, as a whole, willing to cooperate.

J. A. Ross:

I think if you put this matter up to the association today, they would vote it down as a body.

Mr. Henderson:

70% of the men there are jobbers and manufacturers' salesman. The other fellows cannot afford to spend the money to come down here. I know this because I have a lot of letters returned R.S.P. I do not want to convey the impression that the Hydro is altogether to blame for their bad financial condition. I think the solution of this thing is putting the electrical business on its feet so follow the procedure that they have followed in the States in the time and possibly business.

back him up and tell him to put the business on its feet and, if there are men in the business, who have no right to be business men, they should be put out of the business by not being extended credit. But the business is rotten today.

Mr. Harris: I think any business would be rotten under the same conditions.

R. A. Ross: It is the same in Quebec; it is the same everywhere. The man with a bundle of wire and a pair of pliers can get into the business and cut rates all to pieces.

Mr. Harris: They should have to pass tests.

Chairman: All their work has to be inspected.

Mr. Henderson: Yes, but you cannot take a man and see that he does his wiring right and stop him from cutting prices. It is not that we want to make better wiremen of them; we want to make better business men of them.

Chairman: That would create a monopoly.

R. A. Ross: It would be just like the plumbers. I am against the licensing of these fellows because it would create a monopoly.

Mr. Henderson: The prevalent impression is that the plumber is a robber and makes a lot of money. If you looked at the credit ratings, the electrical man is at the bottom and the plumber is next to him. The plumber is not making any money. I get out a book for the plumbers too. We are trying to make a business man of him too. Do you think you can take a pig and put him in the stable and make a horse of him?

R. A. Ross: The better business man you make of the electrical wireman, the more fatally the little man will come in and undercut him.

Mr. Henderson: If you get a class of men in the electrical business and get them banded together in an association - not an association to control prices; we suggest a price, that is all we do - then they can go to the jobber and manufacturer and show them the foolishness of encouraging these little fellows to go into business.

--- Why do you continue to give them credit when their drafts come back?

Mr. Henderson: My service is about \$36. per year and it is about 90% profit but it is worth \$500 a year to any man in the electrical business. The jobber and manufacturer sell goods on which they make a profit of from 15 to 20% and give credit and the result is that they are failing every week. The jobbers kick about it but it is their

back him up and tell him to put the business on its feet and, if there are men in the business, who have no right to be business men, they should be put out of the business by not being extended credit. But the business is rotten today.

I think any business would be rotten under the same conditions.

It is the same in Sweden; it is the same everywhere. The man with a bundle of wire and a belt of pills can get into the business and cut rates all to pieces.

They should have to pass tests.

All their work has to be inspected.

Yes, but you cannot take a man and say that he does his wiring right and stop him from cutting prices. It is not that we want to make better wiremen of them; we want to make better business men of them.

That would create a monopoly.

It would be just like the plumber. I am against the licensing of these fellows because it would create a monopoly.

The prevalent impression is that the plumber is a robber and makes a lot of money. If you looked at the credit ratings, the electrical man is at the bottom and the plumber is next to him. The plumber is not making any money. I got out a book for the plumbers too. We are trying to make a business man of him too. Do you think you can take a pig and put him in the stable and make a horse of him?

The better business man you make of the electrical wireman, the more likely the little man will come in and undercut him.

If you get a class of men in the electrical business and get them banded together in an association - not an association to control prices; we suggest a price, that is all we do - then they can go to the jobber and manufacturer and show them the foolishness of encouraging these little fellows to go into business.

Why do you continue to give them credit when they deserve none?

My service is about \$55. per year and it is about 90% profit but it is worth \$500 a year to any man in the electrical business. The jobber and manufacturer sell goods at which they make a profit of from 15 to 20% and give credit and the result is that they are selling every week. The jobbers kick about it but it is their

Mr. Harris:

R. A. Rosen:

Mr. Harris:

Chairman:

Mr. Henderson:

Chairman:

R. A. Rosen:

Mr. Henderson:

R. A. Rosen:

Mr. Henderson:

Mr. Henderson:

own fault because they give them credit.

J. A. Ross: You never can get a manufacturer to change his point of view on that.

Mr. Henderson: They may have to.

J. A. Ross: The jobber may; not the manufacturer. It is the retailer who is failing to meet his accounts, so the remedy lies with the jobber.

Mr. Henderson: The manufacturer can get behind the jobber.

--- Did you ever think of going to McClary and the other manufacturers and saying "On your stove you maintain your price, but on the service there is a free for all. Why not name a price installed and insist that that installed price be maintained by Hydro and everyone else."?

Mr. Henderson: The Hydro would say "It is none of your business. We do not buy the material from you." That is what I am trying to do; get them to install the service for \$54.

J. A. Ross: Forget about service; that seems to be the sore spot with you. They are living up to the price of the range.

Mr. Henderson: Supposing McClary has a range for \$160. It costs \$50. to install; there is \$210. McClary issued a price list which says \$210 is the price installed anywhere in Ontario, for that type of stove. Then Hydro will turn right around and say "It is none of your business what I sell wiring at; I do not buy it from you." If I make a washing machine, I can establish the price on a washing machine but I cannot establish the price on running wire down the wall to connect. The price of a range is \$135; the cost of installing is \$54.; price installed is \$199. But the Hydro say, "We will put the wiring in for \$35. We want to do that to encourage people to use ranges." What you suggest is what I would like to see but getting it through is another matter.

Chairman: Do you think any of your officials would like to have a public hearing on this matter? All of our hearings are public. We just asked you today to know whom we should call. We should be glad to fix a date and hear them all.

J. A. Ross: Mr. Harris suggestion is a good one. They may have col-
fect and that letter would be an invitation.

Mr. Bower: How about getting Harry Hicks up here and see what he thinks about it?

own family because they give them credit.

You never can get a manufacturer to change his point of view on that.

J. A. Ross:

Mr. Henderson: They may have to.

J. A. Ross:

The jobber may not be the manufacturer. It is the retailer who is failing to meet his accounts, so the remedy lies with the jobber.

Mr. Henderson: The manufacturer can get behind the jobber.

Did you ever think of going to McGarry and the other manufacturers and saying "On your stove you maintain your price, but on the service there is a free for all. My net same a price installed and insist that that installed price be maintained by Hydro and everyone else."

Mr. Henderson: The Hydro would say "It is none of your business. We do not buy the material from you." That is what I am trying to do! Get them to install the service for \$24.

J. A. Ross:

Forget about service; that seems to be the sore spot with you. They are living up to the price of the range.

Mr. Henderson:

Suggesting McGarry has a range for \$150. It costs \$50. to install; there is \$100. McGarry issued a price list which says \$210 is the price installed anywhere in Ontario, for that type of stove. Then Hydro will turn right around and say "It is none of your business what I sell wiring at; I do not buy it from you." If I make a washing machine, I can establish the price on a washing machine but I cannot establish the price on running wire down the wall to connect. The price of a range is \$125; the cost of installing is \$24.1; price installed is \$149. But the Hydro say "We will put the wiring in for \$35. We want to do that to encourage people to use ranges." What for are we going to do what I would like to see but getting it through is another matter.

Chairman:

Do you think any of your officials would like to have a public hearing on this matter? All of our hearings are public. We just asked you today to know whom we should call. We should be glad to fix a date and hear them all.

J. A. Ross:

Mr. Harris suggestion is a good one. They may have a foot and that letter would be an invitation.

Mr. Bower:

How about getting Harry Hicks up here and see whether thinks about it?

Mr. Henderson: The paid Secretary is a man named McKay. I can get his full name for you. I think Mr. Harris' suggestion is a fine one. It clears you and, if the contractor dealers come back after and say you held a conference and you forgot the poor contractor dealers. But I believe there are many individual dealers in towns where Hydro affects them very seriously. If some one would say "Come on in; you do not need to be afraid of anyone." I think they would come.

Chairman: It must be a public hearing.

Mr. Henderson: They would not be afraid of that but they need someone to go along and prod them up. They sit back home and say things are rotten but do not do anything to remedy it. When they give you this information they give you something first hand. About all I have is just my general summary of conditions as I go around the country.

Chairman: Suppose we do write a letter to the secretary or the president?

Mr. Henderson: Write it to the president and he may put it before the meeting at this convention. It would start something; they would all know about it. If you could get it out this afternoon and send it across to them at the King Edward it might get quick results.

Chairman: How many are here.

Mr. Henderson: Seventy or eighty. I subscribe to the funds but I do not hold any office because of my connection with this Henderson Business Service. I am a sort of honorary member. I do not want people to think that the Henderson Business Service is a combine in restraint of trade, because it is not. We say "There is a price that you should get if you want to make a reasonable profit." I will send you some names of key men if you like that it might be well for you to get in touch with but I would not want to take upon myself to stir up this thing because it is of no interest to me except that I want to see the electrical contractor dealer make some money if possible and I want to see the Hydro operated on a good sound economic basis. I am selling them both. I have no particular complaint to make myself. I will send you some names of jobbers, manufacturers and contractor dealers and you would write them.

Mr. Bower: We will get in touch with Mr. Hicks first.

Mr. Henderson: The paid secretary is a man named McKay. I can get his full name for you. I think Mr. McKay is a fine one. It seems you said, if the contractor dealers come back after and say you held a conference and you forgot the poor contractor dealers. But I believe there are many individuals dealers in towns where Hydro electric them very seriously. If some one would say "Come on in; you do not need to be afraid of anyone." I think they would come.

Chairman: It must be a public meeting.

Mr. Henderson: They would not be afraid of that but they need someone to go along and prod them up. They sit back home and say things are rotten but do not do anything to remedy it. When they give you this information they give you something like that. I have a list of my general summary of conditions as I go around the country.

Chairman: Suppose we do write a letter to the secretary or the president?

Mr. Henderson: Write it to the president and he may put it before the meeting at this convention. It would seem that they would all know about it. If you could get it out this afternoon and send it across to them at the King Edward it might get quick results.

Chairman: How many are here?

Mr. Henderson: Seventy or eighty. I subscribe to the funds but I do not hold any office because of my connection with this Henderson Business Service. I am a sort of honorary member. I do not want people to think that the Henderson Business Service is a business in restraint of trade, because it is not. We say "There is a price that you should get if you want to make a reasonable profit." I will send you some names of key men if you like that it might be well for you to get in touch with but I would not want to take upon myself to stir up this thing because it is of no interest to me except that I want to see the electrical generator dealer make some money if possible and I want to see the Hydro operated on a good sound economic basis. I am selling them both. I have no particular complaint to make myself. I will send you some names of jobs, manufacturers and contractor dealers and you would write them.

Mr. Bowen: We will get in touch with Mr. Hicks first.

